

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1843 - SB 1821

February 16, 2020

SUMMARY OF BILL: Deletes the Locksmith Licensing Act of 2006 (the Act) which requires licensure for any private person or company providing locksmithing services in the state. Requires any money remaining in the Locksmith and Private Security Regulatory Fund revert to the General Fund.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$70,000/FY20-21 and Subsequent Years
/Board of Private Protective Services

Assumptions:

- Pursuant to Tenn. Code Ann. § 62-11-106, the Commissioner of the Department of Commerce and Insurance (DCI) is required to establish categories of licensing, establish qualifications and education standards, and establish fees sufficient to pay the expenses for licensing under the Act.
- According to DCI Rules of the Locksmith Licensing Program, Chapter 0780-05-13, licenses available in Tennessee are a locksmith license, locksmith apprentice license, and locksmith company license.
- Each license requires a renewal fee submitted to DCI. Renewal fees for locksmith, apprentice, and company licenses are \$175, \$75, and \$175 respectively. Licenses are renewed on a two-year basis.
- According to a roster on the DCI website, the number of active licenses is as follows: 345 locksmiths, 511 apprentices, and 236 companies.
- A decrease in revenue to DCI of \$140,000 $[(345 \times \$175) + (511 \times \$75) + (236 \times \$175)]$.
- As licenses are renewed on a two-year basis, the recurring decrease in revenue to DCI is \$70,000 $(\$140,000/2)$, beginning in FY20-21.
- Examination, fingerprinting, and continuing education expenses are paid by the licensee to third party entities designated by DCI, and will not result in a further decrease in revenue.
- Pursuant to Tenn. Code Ann. § 62-11-110, any person or company who engages in locksmithing services without a license, or violates the terms of an existing license, is subject to a Class B misdemeanor charge and civil penalty of no more than \$2,500.
- It is estimated there have not been a sufficient number of prosecutions for state or local government to see a significant decrease in revenue or expenditures.

- Pursuant to Tenn. Code Ann. § 62-11-106(2)(B), any money collected pursuant to the Act is required to be deposited in the Locksmith and Private Security regulatory fund.
- Revenue from locksmith licensing is collected under the Board of Private Protective Services (BPPS), along with revenue from occupational licensing for contract security companies, and armed/unarmed security guard/officers.
- According to DCI, it is unknown how much of the BPPS total reserve is attributed to locksmith licensing revenue.
- The Division of Regulatory Boards can support any decrease in revenue to the BPPS within existing resources. Further, the Division will not experience a significant decrease in expenditures as a result of the reduced workload.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The BPPS experienced a surplus of \$206,718 in FY17-18, a surplus of \$366,435 in FY18-19, and had a cumulative reserve balance of \$2,778,540 on June 30, 2019.

IMPACT TO COMMERCE:

Decrease Business Expenditures - \$70,000/FY20-21 and Subsequent Years

Assumptions:

- The decrease in business expenditures for active locksmith, apprentice, and company licensees no longer being required to pay to renew licenses is \$70,000 $[(345 \times \$175) + (511 \times \$75) + (236 \times \$175) / 2]$, beginning in FY20-21.
- The proposed legislation will also decrease continuing education and liability insurance policy expenditures for locksmith, apprentice, and company licenses; however, such decrease in expenditures cannot be estimated.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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